— Reduction of the aggregate duty on transmission and distribution equipments from the level of 25% (Basic Customs Duty)+16% (CV Duty)+4% (Special additional duty) to 10% (BCD)+16% (CVD).

— Reduction of customs duty on electricity meters from 25% to 15%.

— Reduction of customs duty on coal from 25% to 5%.

The Accelerated Power Development and Reforms Programme (APDRP) have been launched for financing projects for system loss reduction which in turn has the effect of reducing the cost of delivered power.

The Electricity Act, 2003 creates a liberal framework for development of the power sector and reduces the entry barrier in different segments of power supply industry. This is expected to encourage competition and in turn efficiency improvements, resulting in cost reduction and quality supply of power to the consumers at competitive rates.

The Central Government has issued guidelines for Determination of Tariff by bidding under Section 63 of the Electricity Act, 2003 on 19th January 2005. This will encourage competition in procurement of electricity by distribution companies.

Shortage of power in Karnataka

1651. SHRIMATI PREMA CARIAPPA: Will the Minister of POWER be pleased to state:

(a) whether Government are aware of the fact that Karnataka is facing an unprecedented shortage of Power.

(b) if so, whether Government have received a proposal of power sector reform programmes from Government of Karnataka; and

(c) if so, what are the details of measures taken to set right the unprecedented shortage of power in Karnataka?

THE MINISTER OF POWER (SHRI P.M. SAYEED): (a) Energy and Peak shortages in the State of Karnataka declined from 14% and 15.8% during April, 2003—February 2004' to 4.5% and 9.6% respectively during April 2004—February 2005.

(b) Government of Karnataka had submitted a proposal in 2002 seeking World Bank assistance for Power Sector Reforms in the State.

Subsequently, the State Government informed in March 2004' that the Government was reviewing the proposal and would send a revised proposal. The revised proposal has not been received from the State Government so far.

(c) Electricity being a concurrent subject, supply and distribution of electricity in a State is the responsibility of the State Government/State power utility concerned. Government of India supplements the efforts of the State Government by setting up power plants through central public sector undertakings in central sector in which the States have entitlements. The following steps are, however, being taken to improve generation and availability of power in the country including Southern Region:

(i) Besides a firm allocation of 1162 MW in Central Generating Stations (CGSs), Karnataka has also been allocated 347 MW from unallocated quota of CGSs, at present.

(ii) Acapacity addition of 41,110 MW has been targeted for Tenth Five Year Plan in the country out of which 7,376 MW (2140 MW in Central Sector, 2582 MW in State Sector and 2654 MW in Private Sector) is in the Southern Region including 1297 MW in Karnataka (1000 MW in State Sector and 297 MW in Private Sector).

(iii) Creation of a robust National Grid for optimum utilization of generation capacity and inter-regional transmission of power.

(iv) To bring about reforms in distribution, Government of India has implemented the Accelerated Power Development and reforms Programme (APDRP) for upgradation of sub-transmission and distribution systems in States as a major step towards reduction of aggregate transmission and commercial losses and attaining commercial viability of the power sector. Funds are being provided to States for undertaking schemes for sub-transmission and distribution systems under the APDRP.

(v) Demand side management, energy efficiency and conservation measures.

(vi) Provision of loans with interest subsidy by the Power Finance Corporation for renovation and modernization of old and inefficient generating units.

(vii) Exploitation of hydro potential at a faster pace.